

Asian Survey

DECEMBER 1961

VOLUME I NUMBER 10

C O N T E N T S

	<u>Page</u>
THE COMPARATIVE STUDY OF CASTE IN INDIA AND JAPAN	
William H. Newell	3
WESTERN ECONOMIC POLICIES AND ASIAN TRADE DEVELOPMENT	
Nguyen-Cao-Hach	11
NOTES ON PAKISTAN'S BASIC DEMOCRACIES	
Harry J. Friedman	19
THE SINO-INDONESIAN DUAL NATIONALITY TREATY	
David Mozingo	25
U THANT OF BURMA: A BIOGRAPHICAL NOTE	
Frank N. Trager	32
PUBLIC POLICY AND ECONOMIC DEVELOPMENT IN THE PHILIPPINES	
Charles Wolf, Jr.	35
Recent Books on Contemporary Asia	39

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ASIAN SURVEY is published monthly at Berkeley, California, by the Institute of International Studies, University of California.

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THE COMPARATIVE STUDY OF CASTE IN INDIA AND JAPAN

William H. Newell

THE SOCIAL PHENOMENON of caste has been reported from many different sections of the world. Hocart¹ in his classic study finds caste in Fiji, India, Polynesia, Persia, Israel and other areas. Although it is difficult to define all of the fundamental features of caste in any particular area, some degree of restriction on marrying outside the group and some degree of association with a particular occupation seem to be essential to a definition within the Asian continent at least.² Moreover, the arrangement of the castes themselves is usually in some form of hierarchical order.³ This hierarchical arrangement is usually associated with different degrees of ritual purity or impurity and hence with the idea of being born into a caste. One cannot enter a caste as an individual, for both father and son would have the same relative degree of purity (or impurity) and hence would have to belong to the same group.

In India the top of the formal caste system is the Brahmin, a priest, while the bottom is a leatherworker, one who handles the bodies of dead animals. So that, although there may be a degree of social mobility among Indian castes, the undertaking of certain ritual occupations marks the upper and lower limits within which the system may operate. Within this formal hierarchical system, with its own philosophy (that of the four original varnas⁴), the sanctions for the enforcement of the rules of marriage, commensality, etc., rest in the hands of various social groups, the two principal ones at the local level in rural conditions being the subcaste panchayats (councils found principally among the artisan castes) and the village committee (whatever its name) under the control of the dominant caste.⁵ Among other duties these two types of committees have had the responsibility between them of adjusting any conflict of interests that might arise within the caste system as a result of an individual infringing the rights of others inside or outside the caste within the local community. There are numerous studies that discuss the processes by which this was arranged.⁶ For the purpose of this study, however, only three points need to be mentioned.

1. For the most part, the degree of "moral intensity" of the particular subcaste has depended on a state of opposition to another similar type of subcaste within the same general system.⁷ This has taken different forms in different parts of India, but in the Punjab special village factions have been reported.⁸ In South India⁹ fights have often broke out between two very similar subcastes of the "left" and of the "right." The tightness of subcaste control has rested on the desire to hold to certain formal rules of

behavior not found in the other almost equivalent subcaste at the same social level. In areas where there was a sizable proportion of non-Hindus, such as Christians in Travancore or Muslims in the undivided Punjab, the non-Hindus formed a layer within the predominantly Hindu system. Thus, even in areas where there was a non-Hindu minority, the caste system continued to operate as endogamous, and commensal restrictions were still in effect.

2. In India, within the local village community, the connections between individuals of different castes were governed by jajmani relationships, permanent or contractual agreements organized on a familistic basis. Following on rapid changes in Indian rural life, this system is now falling into abeyance. The primary reason is probably economic, but in addition local panchayats are either unable or unwilling to enforce traditional jajmani agreements.¹⁰ Instead, local subcaste groups are attempting to unite at the caste level with other similar subcaste groups in order to organize political pressure in behalf of members of the subcaste at the district or even State-wide level. There are numerous reasons for this development; not the least of these is, I believe, the ineffectiveness of any form of local organization against the strong influences emanating from the centralized control of the modern state. The attempt by the Indian government to set up talug panchayats (even with its own sources of revenue) can have little effect against this general tendency.¹¹

3. Finally, the caste system, as it is traditionally regarded, can exist only in a society with a surplus of land or of urban opportunities. In a particular rural area if the membership or numbers of different castes do not remain in roughly the right economic proportions, the system will be upset unless the surplus members (produced as a result of a differential birth rate in different castes or by varying economic demands for different subcaste services) leave the area. In some areas of India (notably parts of the Punjab),¹² owing to a lack of new opportunities, it is the dominant caste that is replacing the lowcaste kamins (landless laborers) with younger sons. Thus certain overpopulated villages are becoming one-caste settlements. The landless laborers are being driven into urban slums. In parts of Gujarat, some villages now consist of Brahmin landowners only,¹³ whereas they formerly comprised several subcastes.

Now to compare this very condensed summary with the situation in Japan.

IN VARIOUS PARTS of Japan, but principally in the centers of older Japanese culture, are found special classes of people once known as Eta, the dirty people, but now known as burakumin, people of special districts. At the time of recognition of their legal equality with ordinary Japanese in 1871, 300,000 persons of these special classes were registered. Since this total included only people in

the special areas, the numbers were certainly much larger in the whole of Japan. Since 1871 it has been illegal to count, register or discriminate against the group; but it is certain that today the number is much larger. In 1915 it was about 800,000; today the best reports indicate about $1\frac{1}{2}$ million.

Burakumin are found principally in the Kinki district of Japan (Hiroshima, Yamaguchi and Okayama) and also in Fukuoka, in Shikoku and the area around Nara, the ancient Japanese capital. As a rule they live in small groups. According to Professor Jiro Suzuki,¹⁴ of 4,925 known special residential areas more than half contain fewer than 20 households, while those containing a population of more than 500, found only in large cities, comprise less than 0.3 per cent of the total number.

The origin of this specialized group is obscure; it probably has many roots.¹⁵ While the burakumin very likely came from many sources--temple dancers, armourers, shoemakers, gypsies, prison gaolers or cemetery attendants--today roughly half are involved in farming. It is important to note that in Japanese feudal society the whole population was divided into classes and each group was respected as contributing to the national polity. Up to about 1615, the end of the Chusei era, the ancestors of the burakumin were not discriminated against particularly; it was only during the narrow-minded Tokugawa period that the disability of being burakumin became especially felt. Before emancipation in 1871, the burakumin were divided into two main groups, eta and hinin, in contrast to the common people, senmin or heimin. Of the two, the Eta were the lower, as they handled dead animals, whereas hinin frequently gained their livelihood from entertainment. This distinction does not appear to exist today. Owing to the heterogeneous composition of this lowcaste group, no physical differences can be detected between the Eta and ordinary Japanese, nor is there any national Eta culture. But in any one district Eta can frequently be detected by other residents of the same district by their small dialect differences.

The majority of the burakumin are ministered to by priests of the Shinshu or the Nichiren sect of Buddhism. Rather significantly, the Shinshu sect of Buddhism bases its doctrine on salvation by faith alone. The founder of Nichiren Buddhism was believed to be the son of an Eta. These two sects between them claim at least half of all Japanese Buddhists, so that the burakumin belong not to a minority movement but to one of the most important currents of Japanese Buddhism. Nevertheless certain priests who were known as Eta priests were expected not to minister to both hinin and heimin at the same time. However, in the areas of which I have had experience there is no such distinction.

WE ARE NOW in a position to appraise some of the interesting differences and parallels between the Indian and Japanese caste systems.

First, many Japanese deny that the question of the burakumin is basically a question of caste. They point out that burakumin can move anywhere they wish in Japan; that there is no occupational specialization peculiar only to burakumin over the whole of Japan; and that endogamous and ritual restrictions are not enforced by any special body as in India, where the subcaste deals with infractions of its rules.

These objections to classifying the situation in Japan in terms of caste should carry some weight. Discrimination against Eta is clearly only one special form of the widespread departmentalization of Japanese life, in which status and grading are carefully regulated in accordance with fairly fixed cultural norms.¹⁶ Yet admission to burakumin status is obtainable only through birth and cannot be removed by action of the individual concerned. The only other person in Japanese society obtaining status by birth alone is the Emperor; yet even he can be adopted and can abdicate.

It is clear from this that the Eta are regarded as being not completely Japanese in some essential respect; and the literal translation of hinin is "not human." Yet in no other Japanese social group is the humanness of the candidate for status denied. It is only lack of ability in modern Japan that prevents an ordinary Japanese from moving out of one group into another. This difference between ordinary Japanese and burakumin can be explained only by reference to some theory of caste. Moreover, it cannot be denied that the concept of uncleanness or ritual impurity is common to both the Indian and the Japanese caste systems. The fact that in Japan there are today only two castes, in contrast to the numerous divisions in India, is of no importance; it merely means that in Japanese society there are no degrees of ritual impurity as there are in India. In fact, ordinary Japanese behave variously toward burakumin, depending on a wide variety of factors, such as difference in customs, degree of wealth of the burakumin, whether the relationship is temporary or permanent, etc. But even in the most integrated areas, I have never heard of a marriage officially sponsored by the parents of a burakumin and a non-burakumin. If he remains friendly toward a burakumin all his life, a Japanese is always aware that he is progressive in outlook by virtue of doing so. Such relationships are never entirely normal. Thus in Japan the standard is certainly one of discrimination, even though there may be many exceptions, depending on the local situation.

NOW LET ME DEAL with each of the three points I have taken as illustrating the caste system in India.

1. Opposition between subcaste groups. The Japanese village (buraku) in nearly every instance has a governing body consisting of representatives of most of the dominant clans (dozoku). In most rural situations where burakumin and heimin are found in the same village, there is a separate, possibly informal, council (with some-

times a superior federal committee) for each community. The livelier the opposition between the two sections, the greater the emphasis on endogamous marriage and discriminatory practices.¹⁷

On the other hand, in the village in Nagano-ken, where I have done field work, numbers of heimin live within the burakumin area, no separate representative committee of any sort exists, and inter-marriage occurs. As far as I have been able to ascertain, there are no discriminatory practices within the village. Thus I believe that there is a close relationship between the degree of opposition exhibited by the two castes involved and the extent of discriminatory practices. Moreover, in villages that are divided into various smaller units, such as ko or ujiko or jyokai or other religious or political units, the fact that frequently one or more of these units consists wholly or predominantly of burakumin tends to institutionalize these differences within the appropriate political or religious pattern. It is recognized that the only satisfactory method for a burakumin to "pass" is to leave his own local community. Although opposition is involved here, it may not be of the same type as in India, where the opposition between subcastes is more competitive than formally antagonistic.

2. Coalescence of subcastes into a wider unit. I have already noted that there is no "national culture" of Eta: that differences are just as wide amongst Eta as amongst Japanese heimin themselves. Nevertheless, in 1902 a national burakumin emancipation movement on the part of burakumin themselves was launched in Okayama-ken and soon spread to the Kinki and Chugoku districts. In 1903 a national movement, the Dai Nippon Dobo Yuwa Kai, was inaugurated, but this vanished in 1905 in the nationalism associated with the Russo-Japanese War. In 1912 the movement was reconstituted, later becoming important in the public eye with the 1918 "rice riots," which were believed to have been instigated partly by the burakumin.

In 1922 the first national convention of the Suihei Sha (Water Level Movement)¹⁸ was held in Kyoto with 2,000 delegates. Further meetings were held annually until 1929. During this period the movement became increasingly political. In 1923 among other motions introduced were ones withdrawing support from Shinshu Buddhism and calling for a collective refusal to perform services for heimin who had offended the burakumin in any substantial way. The movement collapsed for three reasons: internal differences between a radical section (which eventually came under communist control) and a more moderate one; use of police spies within the movement, making for distrust of the leadership; and the increasingly nationalistic tendencies of the government, making any movement advocating social change the more difficult to organize.

Since the last war an organization called the Zenkoku Buraku Kaiho Domei (National Association for the Emancipation of Burakumin) has been formed to conduct political activities aimed at the

full emancipation of burakumin. This entity is powerful in some areas as a vote collector. Its secretaries sometimes receive their salaries through a grant from prefectural government funds, and Liberal Democrats and Socialists rival one another in wooing its support, especially where they have roughly equal representation in a prefectural assembly. This organization bears a marked resemblance to certain State-wide caste society movements in India, and it arises, I believe, from the same cause: the attempt to obtain political advantage from an increasingly centralized political system. However, Japan, unlike India, has one of the highest levels of living in Asia and is, moreover, continuing to develop.

Some burakumin settlements are split between those well-to-do burakumin who, because of successful economic ventures, wish to dissociate themselves from attempts to raise the level of living of the heterogeneous mass of all burakumin, and other poorer burakumin, who do not have the same standards of behavior and cleanliness as ordinary Japanese of the same economic level.¹⁹ This conflict between socially mobile burakumin and those unable to change their status costs the burakumin movement many of its best leaders. In India the subcaste is more socially unified.

3. Effect of population expansion on the caste composition of villages. Finally, the connection between the burakumin and their near heimin neighbors is not of the close co-ordinated type found in the traditional Indian jajmani villages. Although no statistics are available, I have a distinct impression that the number of burakumin in the rural environment is increasing not only absolutely but also proportionately. As opportunities in the cities increase, it is the educated and well-to-do ordinary villagers, belonging to bunke (subordinate branch households), who leave the villages. Burakumin tend much more to remain where they were born and, with fewer contacts and opportunities elsewhere, find moving more difficult. Thus, whereas in Indian villages it is the dominant caste that tends to occupy a higher proportion of village houses, in Japanese villages of mixed membership it is the more culture-bound honke (main-stem) members and burakumin who remain. The same process is having contrary effects: in India it is the lower castes that emigrate; in Japan it is the better-educated heimin.

The difficulties of undertaking research in Japan on the question of caste are immense. There is, so far as I am aware, not one full-scale field study of a rural burakumin village by a Japanese scholar, nor are there any useful nation-wide statistics. The Japanese themselves are puzzled by the continued existence of the burakumin caste in their midst. It is difficult to envisage how this problem can be clarified except through a long-term research project in many parts of Japan, taking into consideration comparative materials from other parts of the world.

NOTES

1. A. M. Hocart, Les castes, Annales de Musée Guimet, Paris, 1938.
2. See the introduction to E. R. Leach (editor), Aspects of Caste in South India, Ceylon and Northwest Pakistan, Cambridge Papers in Social Anthropology, No. 2, 1960.
3. For examples of vertical endogamous religious divisions, known as the "column" (verzuiling) system, see K. Ishwaran, Family Life in the Netherlands, The Hague, 1959.
4. See, for example, Newell, "Caste Isogamy among the Gaddis of North India," Journal of the Royal Anthropological Institute, Vol. 85, p. 101.
5. See M. N. Srinivas, "Social System of a Mysore Village" in Village India, edited by McKim Marriott, American Anthropological Association Memoir, No. 83, June 1955.
6. For example, E. A. H. Blunt, Caste System of Northern India, Madras, 1931, one of the earlier ones.
7. "S'il est vrai que les Hindous ignorent d'une manière générale les usages propres aux castes qui ne sont pas la leur, c'est du moins chez tous également un article de foi qu'il y a des castes qu'il doit y en avoir, et qu'avant tout l'ordre qui les maintient distinctes et hiérarchisées doit être respecté." C. Bouglé, "Essais sur le régime des castes," Paris, 1908.
8. For example, Oscar Lewis, Village Life in Northern India, Urbana, 1958; or Leadership and Groups in a South Indian Village, Planning Commission of the Government of India, June 1955.
9. As described by Edgar Thurston, Castes and Tribes of Southern India, Madras, 1909.
10. The first student of the jajmani system was William Henricks Wiser: The Hindu Jajmani System, Lucknow, 1936.
11. See a number of articles on this subject in Economic Weekly, Bombay, such as P. K. Chaudhri, "Panchayati raj," Vol. XIII, 1961, p. 137.
12. "Report on an economic survey of Bairampur, with special reference to three other villages in the Hoshiapur district," Board of Economic Enquiry, Punjab, 1922, p. 142, gives an alternative method of solving the problem by voluntary birth control on the part of younger sons.

13. Personal communication from K. C. Chanda of the Department of Statistics, University of Pennsylvania.
14. Jiro Suzuki, "Burakumin: Japan's Untouchables," Orient West, July 1961, Vol. 6, No. 7, p. 9.
15. See bibliography to "An enquiry concerning the origin, development and present situation of the Eta in relation to the history of social classes in Japan," by Shigeaki Ninomiya in Transactions of the Asiatic Society of Japan, Second Series, Vol. X, December 1933, p. 146.
16. See James Abbeglen, The Japanese Factory, Glencoe, 1958.
17. John B. Cornell in "Outcaste Relations in a Japanese Village," American Anthropologist, Vol. 63, April 1961, p. 282, partly shows this.
18. The surface of the water is level, no matter how uneven the floor of the pond.
19. John D. Donaghue, "An Eta Community in Japan: The Social Persistence of Outcaste Groups," American Anthropologist, Vol. 59, 1957, p. 1000.

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WESTERN ECONOMIC POLICIES AND ASIAN TRADE DEVELOPMENT

Nguyen-Cao-Hach

IT IS WIDELY BELIEVED that the underdeveloped areas of the world have been making steady economic progress since the end of World War II, and that their role in the international exchange of goods and services has been increasing at the same pace as, and because of, their economic growth. The opinion is also held, at least in some sectors of Western societies, that the industrialization of the so-called underdeveloped countries poses a threat to Western industries, and that barriers should be raised against the imminent "commercial invasion" in order to reserve national markets for domestic industries. The present article will seek to demonstrate that the role of underdeveloped countries in international trade has been shrinking during the last decade; and that Western protectionist policies against Asian industrial products constitute a major obstacle to Asian economic development.

The reduction in the volume of trade between the underdeveloped areas and industrialized countries is a long-run trend, but its pace has quickened since the beginning of the Korean War. In consequence, the amount of foreign exchange obtained by Asian countries from exports to Western markets has been steadily decreasing, at least as far as agricultural products are concerned; and the gradual deterioration of its position in the world market makes Asia a less important trading partner for the West because of the concomitant reduction in its capacity to consume Western products. The resulting problem cannot be solved by bilateral or multi-lateral agreements or even by such devices, so widely advocated nowadays, as regional unions. Only a worldwide readjustment of production and trade patterns can provide an answer advantageous to both developed and underdeveloped areas.

The three major components of Asian exports to Western markets are food, industrial raw materials, and fuel, which together account for 85 per cent of imports from non-industrial countries by the European Organization for Economic Cooperation (E.O.E.C.). E.O.E.C. statistics show that the percentage of Asian exports to Western markets has fallen in relation to the total volume of imports by these areas, and that the share of non-industrial countries in raw-materials imports by Western countries also has declined. In effect, industrial countries import a smaller quantity of primary products than before, and they import less of them from underdeveloped countries. That Asia, as a primary producer, is facing a shrinking Western market, can be seen from figures published in the French magazine *Etudes et Conjonctures* (May 1960, p. 445) and reproduced in the accompanying tables. These figures show

ASIAN SURVEY

a drop between 1953 and 1957, attributable to the cessation of strategic-materials stock-piling after the armistice in the Korean War. The decline continued in the main between 1957 and last year.

PRIMARY PRODUCTS AS PERCENTAGES OF TOTAL IMPORTS

	<u>1953</u>	<u>1957</u>	<u>1959</u>	<u>1960</u> <u>(9 months)</u>
<u>Food</u>				
E.O.E.C.	26.9	23.0	23.7	20.7
U.S.A.	31.3	26.0	23.6	22.8
<u>Industrial raw materials</u>				
E.O.E.C.	25.3	22.6	18.5	19.4
U.S.A.	24.4	20.9	19.2	19.8
<u>Fuel</u>				
E.O.E.C.	12.4	14.7	12.4	11.3
U.S.A.	7.1	12.0	10.4	10.5

IMPORTS FROM UNDERDEVELOPED COUNTRIES AS PERCENTAGES OF TOTAL IMPORTS OF PRIMARY PRODUCTS

	<u>1953</u>	<u>1957</u>	<u>1959</u>	<u>1960</u> <u>(9 months)</u>
<u>Food</u>				
E.O.E.C.	58.4	53.0	50.1	48.1
U.S.A.	80.5	77.1	75.6	75.6
<u>Industrial raw materials</u>				
E.O.E.C.	65.0	52.1	54.2	50.2
U.S.A.	62.6	59.8	57.4	59.8
<u>Fuel</u>				
E.O.E.C.	64.8	45.8	58.9	58.6
U.S.A.	97.7	89.2	92.4	91.2

In considering the general regression suffered by underdeveloped countries in international trade, one should distinguish between food and agriculture on the one hand and industrial raw materials on the other. For present purposes it is possible to ignore fuel, trade in which has not fallen off sufficiently to warrant special study.

Food and Agriculture

Underdeveloped countries face increasing competition from certain Western countries which used to be food importers but have become exporters, especially since 1945, and are underselling their former suppliers in the world market. Frequent discussions, in Western countries, centering on agricultural surpluses reveal the gravity of the situation. As cereal growers gain in social and political power, they exert pressure on governments to provide subsidies or boost agricultural price levels, and the resulting surpluses stored up by government agencies can be sold only abroad.

In short, the agricultural policies of some Western countries result in large-scale dumping in the world food markets and offer stiff competition to underdeveloped countries. Since an increase in food production will hardly induce Western peoples to consume more, and since Western agricultural methods are much more efficient than those employed in Asia and Africa, the mounting capacity of the West to produce cereals depresses world prices and therefore threatens the balances of payments of those underdeveloped countries that rely on food exports.

Is there a way out of this difficulty? Presumably a solution can be found only if humanitarian considerations prevail over economic ones. Because people in some parts of the world are still undernourished, agreements have been reached to sell agricultural surpluses to their governments at low prices--an arrangement advantageous to both importers and exporters. And yet, it results in a further reduction in food prices, and jeopardizes the position of those underdeveloped countries whose main item of export is cereals. Might there not be utility in an international agency that was empowered to buy up all agricultural surpluses and to redistribute them to underfed peoples? This, however, would be but a short-run solution to the problem. In the long run, a complete readjustment of the production pattern seems necessary.

Another shortcoming in agricultural production by underdeveloped countries is its concentration on a few staple products destined for one or two foreign markets. For example, Brazil, which specializes in coffee growing, exports its entire crop to the United States; a slight variation in U.S. consumption of coffee has an important effect on Brazilian foreign-exchange earnings. According to E.O.E.C. statistics, the following products are subject to price instability: palm oil, coffee, tea, copra and cacao--all

grown in tropical countries. The prices of certain other tropical products also are subject to wide price fluctuations: textile fibers (cotton and, above all, wool and jute) and non-ferrous metals (copper, lead).

Industrial Raw Materials

The position of non-industrial countries exporting industrial raw materials has been deteriorating rapidly since 1953--a very distressing trend because such exports are their main source of foreign exchange. In this connection there are at least three causes for alarm: the growing dependence of producers upon consumers; the competition offered by certain former consumers; and technological progress itself.

Some branches of production in industrial countries are making steady progress, others much less, and still others are regressing. According to the Federal Reserve Board, industrial production indices in the United States in 1957 (1947-49=100) were: steel, 140; leather, 104; and woollen goods, 75. The production of non-durable consumer goods, especially textiles, is declining or, at best, rising very slowly; that of industrial equipment and durable consumer goods, which require ferrous and non-ferrous metals, is rapidly expanding.

The decline in textile exports is both worldwide and rapid. Prewar exports of textiles as percentages of total exports were 17 for the United Kingdom, 21 for France, and 56 for Japan, whereas the respective 1956 figures were 9, 11, and 35. In short, these countries import less textile raw materials: Japan, for example, reduced such imports from a prewar level of 55% of total imports to 20% in 1959.

In the second place, substitutes have been found for raw materials that were formerly imported, the most obvious case being that of nylon, which has replaced cotton and silk in many uses. The synthetic-rubber industry also is making rapid progress, and constitutes a serious threat to the rubber-exporting countries of South-east Asia.

In the third place, industrial countries have built up important stocks of raw materials for possible wartime needs, and can now afford to curtail their purchases, whereas producing countries depend on a regular flow of exports for foreign-exchange earnings. At the same time, these stocks enable some countries, such as the United Kingdom and the United States, to stabilize price levels by selling or buying raw materials to counterbalance fluctuations on the supply side. In short, the raw-materials market is a buyer's, not a seller's, market.

Finally, producers of raw materials can export to only a few

markets, in which large firms are in a position to influence price levels. In 1955 the two largest consumers of tropical products, the United States and the United Kingdom, imported 80% of the total volume of coffee bought by industrial countries, 88% of tea, 83% of lead, 78% of bauxite, and 71% of phosphates.¹

Industrial countries have increased the domestic production of raw materials, while reducing imports in similar measure. Many metals are not traded on a market basis; large firms have invested heavily in mineral production in Africa and South America, so that they are both sellers and buyers of ore. Thus, so-called international trade becomes an exchange between big monopolistic firms, or even between branches of the same firm. One wonders whether such operations are always conducted in the best interests of the exporting countries.

Another threat to the raw-materials exporting countries is posed by technological progress itself. According to U.N. statistics,² between 1928 and 1956-57 the volume of manufactured goods traded throughout the world increased three times as fast as the volume of raw materials; in the United States during the same period industrial production increased twice as fast as the consumption of raw materials. Obviously methods have been discovered to produce the same amount of goods with less raw materials than before or to produce more with the same amount of materials. In sum, the deterioration in the position of underdeveloped countries in international trade is due mainly to a reduction in importance of their export products, to an international market structure that is unfavorable to them, and to their inability thus far to overtake industrial countries in terms of technological progress.

The conclusion is obvious: underdeveloped countries must have industries of their own, for industrialization affords the only solution to such problems as low levels of living, deteriorating terms of trade, unstable foreign markets, and deficits in balances of payments. But industrialization is a long-run solution, requiring at least a generation to achieve an efficiency comparable to that of advanced countries. Moreover, certain prerequisites, such as capital and technical proficiency, are not available everywhere.

What of the short run? What can and should be done over the short term to help underdeveloped countries solve their balance of payments problem? It would seem desirable for an international organization to be entrusted with responsibility for leveling violent fluctuations in the prices of raw materials, detecting and fighting monopolistic practices on the part of big cartels and trusts, and reducing hurtful disparities between prices of manufactured goods and those of raw materials. Countries that export raw materials would be well advised to agree to eschew competition among themselves and to transform the existing buyer's market into a seller's market insofar as may prove feasible. This is not to blink the fact that Asia as a whole is characterized by a high degree of

inequality among nations in economic growth, some countries having not yet evolved from an agrarian stage, while others are far along in their industrialization programs.

NOW, HOW CAN industrial countries help the more needy nations solve their problems? The vital importance of exports of industrial products must be stressed in this connection. Dependence on exports of raw materials is undesirable; these Asian countries must export industrial products as well, for the reason, among many others, that they have borrowed foreign capital abroad to finance their development programs and must now pay their debts in hard currencies that are obtainable only in industrial countries. But how to do so--quite apart from technical problems involving transportation, marketing, credits, and the like? In other words, what of Western policies toward Asian exports of industrial products?

For one thing, the West has now generally recognized the necessity for opening its markets to manufactured goods from industrializing countries. This recognition represents considerable progress because a change in opinion is likely to lead, sooner or later, to a change in policy. A growing sector of public opinion in Western countries appears to believe that the financing of development plans abroad should be based on exports far more than on aid or credits. A combination of trade and aid will, of course, be most beneficial.

A change of Western policy in this respect will require a reconstitution of industrial activity in the developed countries, a movement that has in fact begun in some European countries, especially in the case of industries using cotton, jute, and vegetable oils. The first country to experience such changes has been Great Britain, which must face, without protective barriers, increasing quantities of textile imports from such Commonwealth areas as India, Pakistan, and Hong Kong. A similar trend may be observed in other countries, particularly in the form of scrapping outmoded equipment without replacing it or, better still, of withdrawing capital from some activities and reinvesting it in industrializing countries. Another symptom of reconversion in industrial countries is the slow growth of light industries in comparison with the rapid expansion of heavy industries and activities requiring the most advanced techniques. The Western world is gradually changing its production pattern, partly because of the development of former overseas territories.

Regrettably, however, such reconversion has been sporadic and unplanned, the result mainly of uncoordinated policies instituted by individual firms. Moreover, these policies are not designed to open Western markets to Asian industrial products.

Nevertheless, some such opening would appear to be inevitable. Most industrial as well as developing countries are members of the

General Agreement on Tariffs and Trade (G.A.T.T.), which has taken the position that European members that achieve a surplus or an equilibrium in their balances of payments may not fix quotas on their imports from other member countries. To date every European member of the G.A.T.T. except France has been notified that the position of their payments balances bars them from discriminating against imports from other member countries. The prospect for a complete suppression of import limitations in the near future appears good.

For the time being, however, quotas still prevail, on the theory that the low wages paid in some countries facilitate unfair competition with Western countries in which workers receive higher pay. This distinction has been drawn in justification of barriers established, for instance, against imports of Japanese industrial products. It is mistaken on two scores. For one thing, industrial countries should not be divided into two categories, those with high and those with low wages; such a distinction is unrealistic, because the difference between American and European wages may be as great as that between European and Asian wages. Even in the case of Japan, which is frequently referred to as a typically "low wage" country, not all wages are low; those paid to workers in the electronics industry, for example, are as high as European wages in similar activities. Moreover, Japan is as advanced industrially as most Western countries and cannot reasonably be classed with developing countries. Yet, it is frequently so classed, and some government agencies in the West still regard Japan as a developing country and apply to all of Asia quota-fixing policies devised originally to curtail imports from Japan.

It would seem that the time has come to end this confusion. Industrial countries do not have much to worry about from competition by developing countries, which still suffer from many handicaps, such as a lack of technical know-how, resulting in low-quality goods; high interest rates on borrowed capital, making money "dear" and boosting costs; remoteness from markets, creating high transportation costs; unfamiliarity with marketing techniques; and all the rest. These disadvantages jeopardize the position of Asian industrial products in Western markets, and offset to a great extent the advantages resulting from low wages. It should also be borne in mind that the rate of productivity in industrializing Asian countries is much lower than that in Europe. This is the severest handicap of all, for low productivity raises costs, narrows profit margins and undermines the competitive position of Asia in industrial fields.

When and if a change in Western commercial policy occurs, customs tariffs should be altered first of all. Not only are they the strongest barrier to Western imports from developing countries; in addition they discriminate between semi-finished goods and raw materials, import duties being much higher on the first group than on the latter, which often are admitted duty-free. Any thorough-going

reform of the tariff systems will hurt more than one vested interest and will necessarily take a long time to materialize. Meanwhile, in the short run, something must be done to help the developing countries in their industrialization efforts.

NOTES

1. According to a study by Vermot-Gunchy, "Relations économiques internationales et problèmes des matières premières," cited by Jean Lempérière in Politique Etrangère, No. 3, 1961, p. 253.

2. Ibid.

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NOTES ON PAKISTAN'S BASIC DEMOCRACIES

Harry J. Friedman

IT IS NOW almost two years since Pakistan prepared to inaugurate its experiment in Basic Democracies--too short a time to warrant a prediction about the ultimate success or failure of the scheme, but long enough to indicate problems that may cause trouble unless they are solved reasonably soon.

When Basic Democracies, the system of interlocking tiers of local government councils in each province,¹ was instituted in 1959, President Ayub Khan's government encouraged expectations that perhaps ran too high. Dramatic progress toward economic development, social equality and political democracy was the avowed goal of Basic Democracies--an unattainable one, at least in the short run, given the built-in limitations of the society. Widespread illiteracy hindered communication of the technical knowledge required for development. Lack of experience on the part of the people in operating their own institutions meant excessive repetition of errors in even simple tasks. Heavy reliance on a small corps of educated administrators ensured widening disparities in the class structure and a paucity of new ideas. The government recognized the existence of these limitations but saw no alternative to the policy, particularly after failing to scotch rumors that Basic Democracies was to serve as an electoral college for choosing national leaders under the new constitution that is to take effect in 1962.²

Perhaps the government's main purpose in fashioning the system of Basic Democracies was its belief, frequently reiterated by President Ayub and certain of his ministers, that the people must be associated with the government in the planning and execution of development projects. Such schemes had failed in the past, it was argued, because they had been imposed from the top. The remedy was thought to lie in the election of village representatives at the Union Council level and in the selection of some of these for service by the side of government officials in each of the higher tiers of councils. In line with President Ayub's expressed belief that Western institutions are not viable in Pakistan, the new system was intended as the first step in the evolution of representative institutions different from the British parliamentary practices with which the country's past leaders were familiar.

In the early stages of Basic Democracies, the organization of the councils and subsequent meetings produced a measure of enthusiasm which lasted for several months and compensated for a general failure to plan systematic programs. Most councils, convening

monthly, received some help in the conduct of meetings from government administrators, but the role of the civil service was uneven and inconsistent. Some deputy commissioners or chief district officers took great interest in the work of both the District Councils and the Tehsil and Union Councils. Many others, however, lent scant help in organizing the councils or in planning and implementing development programs. Tehsil and Thana officers--that is, the heads of Tehsil Councils in West Pakistan and of Thana Councils in East Pakistan, which occupy the rung just below the District Councils--generally bemoaned the added burden placed on them, and contended that their work-load was already too heavy for efficiency.³ The few who were eager for the success of Basic Democracies aroused enthusiasm among their charges, but they were rare at that level.

In the early stages, the secretariat offices in the provincial capitals of Lahore and Dacca tried to adapt their policy-framing operations to the needs of Basic Democracies. However, some of the section officers and deputy secretaries who were placed in charge of the new operation had yet to learn all of their responsibilities. Therefore, although some of the directives and recommendations that emanated from the provincial capitals were constructive, many were restrictive and rejected requests from councils in the field for wider powers such as, for example, authority to levy taxes.

During the first months, government information officers released a steady stream of information to newspapers and other news media, describing the resolutions passed by various councils, government plans, and similar data designed to demonstrate the increasing activity in Basic Democracies and to sustain popular enthusiasm. When spirits flagged after months had gone by with little financial help forthcoming from the government, funds earmarked for Basic Democracies were distributed to various councils. The lowest of these, the Union Councils, which contained the only directly elected representatives and were therefore regarded as the keystone of the system, each received the equivalent of about \$500 to support their annual budgets.

In the original plan for Basic Democracies, the national community development organization, known as Village Agricultural and Industrial Development (AID), was to supply each of the councils with technical advisers for development and to work closely with Basic Democracies personnel in a new entity, the National Development Organization. Before Basic Democracies had been in existence for long, however, the dissolution of Village AID was rumored, and it was in fact liquidated earlier this year, an action which, in the view of some observers, removed the chief development mechanism of Basic Democracies. Others believed, on the contrary, that Village AID might be replaced by a more "realistic" approach to problems of development, involving heavier emphasis on agricultural extension than on community development. To replace Village AID, the government is organizing two Agricultural Development Corporations, one for East and another for West Pakistan. These are to be semi-

autonomous bodies responsible for research, advice and staffing in agricultural development, and particularly in agricultural extension work.

About half of the former Village AID Workers, young men trained to live in the villages and to foster self-help plans and organizations there, are to become agricultural extension workers. The others will either serve as secretaries to some of the Union Councils or will simply lose their jobs. Other personnel in the community development field also have had to be reassigned. These have included the immediate superiors of the Village AID Workers, the supervisors, and the key development officers, as well as the district-level assistant directors, the divisional-level deputy directors, the two provincial directors and the national director. The resulting general confusion and lowered morale also affected Basic Democracies, whose council members had relied on leadership from Village AID.

THE ATMOSPHERE, then, of Basic Democracies as the system enters the stage in which the new constitution comes into effect, is one of experimentation, maneuvering, and a combination of hope and cynicism in the face of troublesome problems on the one hand and of some, though fewer, positive achievements on the other.

Most of the problems are attributable to ignorance of how best to operate institutions of local government. Administrators, particularly those in the elite Civil Service, may have firm ideas on the subject, but these frequently impede the development of self-government. Elected members of the lower-tier Union Councils suffer most from inexperience with such institutions. Others involved in the process have received training at the Academies for Village Development in Peshawar (West Pakistan) and Comilla (East Pakistan). These include Tehsil Council chairmen, assistant directors in the National Development Organization, and some district-level representatives of the so-called nation-building departments (health, education, animal husbandry, irrigation, cooperatives, etc.). But such training has not always been adequate. Most training programs run for no more than a month, because the government is unwilling to spare even a small number of men for longer periods. One of the few groups that did attend a substantial four-month training program, the assistant directors of the National Development Organization, was dissolved and its members assigned to other positions when Village AID went out of existence.

Specific examples may demonstrate how inexperience has created problems. First, many Union Councils devoted much of their early meetings to passing resolutions for forwarding to deputy commissioners. However, even resolutions that concerned vital subjects, describing the need for a new road, a small dam, a school or similar improvements, were generally ineffective. Not only were the resolutions excessive in number; they also implied that the councils were

not undertaking projects on their own. In the traditional pattern, the councils requested help from the government, and when it was not forthcoming, as frequently it could not be, they lost interest.

Second, there was inadequate budgeting, even of the limited funds available to the councils. In some cases the smaller councils spent no money for a whole year because they did not know how to go about doing so. Moreover, planning of other types was limited: what planning existed was accomplished almost exclusively in the higher-level councils, whose personnel is more experienced and better educated.⁴

Furthermore, members of Basic Democracies did not know how to obtain the technical help that they required for the few specific projects which they undertook. The lines of communication with government departments that could supply such assistance were either not clear to them or were tangled in administrative complexities.

Finally, liaison in the other direction, from the government departments to the councils, was almost equally weak. Administrators recognized the need to supply technical knowledge and aid to council programs, but they either failed to provide enough help, in part because of the shortage of trained personnel, or failed to provide the right kind of help, in part because of the lack of over-all coordination between the departmental and Basic Democracies programs.

A somewhat different problem has been posed by the low prestige from which Basic Democracies has suffered, and by the skepticism of Pakistani intellectuals concerning the potential of the scheme. Perhaps because of the difficulties under which the system has labored, even the general public has held the councils in low esteem--an attitude that has of course exacerbated existing problems. Thus, lack of prestige has hindered those council members who have made a genuine effort to gain the support of village groups and local leaders for community projects. Because Basic Democracies is an attempt to attract popular attention to pressing problems of general concern, the public is expected to participate and to have some say in policies affecting national development. The elite, distrustful of the illiterate, tradition-centered masses, tends to view the enterprise as misbegotten and ill-favored.

NOTWITHSTANDING the problems that have dogged the early years of Basic Democracies, several positive contributions point to a more useful role in future. For one thing, there have been at least some serious attempts to make the scheme work. Scattered councils have been able to arouse enthusiasm in their communities in which they operate, and some of them have mounted successful, although modest, programs of community welfare, involving the construction of a road or the settlement of an inter-family dispute.

Moreover, the government has repeatedly asserted its intention of building on the system in future. Basic Democracies, even though lacking prestige, is accepted as "here to stay," so that it gains supporters, albeit slowly, who regard it as their patriotic duty to make the system work even if they question its usefulness.

A contribution that is difficult to assess is the experience in institution-building provided by Basic Democracies. Although many councils seem merely to be going through the motions of constructive activities, even this shows instructions to the participants in how to discuss, compromise, plan and decide. In addition, at least some councils are learning how to take constructive action on a wide variety of development projects, including the creation and maintenance of local organizations.

Finally, Basic Democracies has provided a useful opportunity for research and experimentation. Some government agencies, such as the Bureau of National Reconstruction and the Planning Commission, as well as educational institutions, have made social studies that center on Basic Democracies. The process of electing members to the Union Councils, for example, offered an opportunity for investigation of such factors affecting the vote as the educational, financial and social backgrounds of the candidates.⁵

Among the studies undertaken since Basic Democracies began actual operations have been several "action research" projects of the Academies for Village Development. In East Pakistan the Academy faculty has examined, among other things, the organization of village cooperatives in conjunction with Thana Council members and has published its findings in a series of reports. In West Pakistan the Academy has attempted to bring together representatives of the councils at all levels in a series of seminars dealing with specific development problems. The Universities of the Punjab and Dacca also have initiated research, sometimes under contract with government agencies. These and comparable investigations have helped to supply information about the nation that was frequently lacking in the past as a basis for policy decisions.

The requirements for better planning and administration will presumably be met more readily as time goes on. Furthermore, as more orderly habits of operation are gradually learned, greater responsibilities can be assumed by Basic Democracies units. By way of example, considerable store is being placed on the development of cooperatives in Pakistan as an aid to meeting the chronic food deficit. If Basic Democracies councils continue to develop, they should be able to play an important role in coordinating various types of cooperatives on a regional basis.

The problem of prestige, so important in a tradition-minded society, may be met in part by the political role that will soon be assigned to the councils. If they serve as an electoral college for national leaders, membership will probably gain in appeal, and

competition for positions should become more spirited.

NOTES

1. The tiers of councils, beginning at the bottom, are named Union, Tehsil (in West Pakistan) or Thana (in East Pakistan), District, Divisional, and Provincial Councils. For a description of the system in its first months, see Harry J. Friedman, "Pakistan's Experiment in Basic Democracies," Pacific Affairs, June 1960.
2. The role of Basic Democracies under the new constitution is still not clear, because the report of the constitutional commission has not been made public. Indications are that the President, while conceding that the revival of parties may be necessary for the central government, wishes to keep representation in the local government councils non-partisan. New York Times, October 8, 1961, p. 24.
3. Most of the Tehsil Council Chairmen who trained at the Academy for Village Development in Peshawar expressed reluctance to shoulder additional burdens.
4. Studies conducted by trainees at the Academy for Village Development, Peshawar, indicate that the accomplishments of the Union Councils were limited almost exclusively to settling local disputes.
5. Election reports by the University of the Punjab, the Bureau of National Reconstruction, and the public administration instructor at the Academy for Village Development, Peshawar, have been published in Pakistani newspapers.

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THE SINO-INDONESIAN DUAL NATIONALITY TREATY

David Mozingo

BY JANUARY 20, 1962, Overseas Chinese possessing dual nationality in Indonesia must have made a choice between the nationality of the Peoples' Republic of China or that of the Republic of Indonesia. This provision accords with the Sino-Indonesian Dual Nationality Treaty, which has afforded them two years, from January 20, 1960, in which to choose.¹ Somewhat unexpectedly, only about 32,000 (out of a potential 700,000 to 900,000 Chinese with dual nationality) have to date successfully opted for Indonesian nationality,² while there is no evidence that even this many have chosen Chinese nationality. The requirement that dual nationals must show proof of having been born in Indonesia before they may opt for Indonesian citizenship, and the disinclination of the Chinese to declare their choice, have featured the option period. A result has been relatively few options recorded to date and restricted implementation of the Dual Nationality Treaty.

The implementation period will determine the results of the Dual Nationality Treaty. Continued Sino-Indonesian amity will depend on the achievement by both countries of their objectives, which are in large part conflicting. China favors liberal option procedures that will enable a high percentage of dual nationals to obtain Indonesian nationality. Indonesia wishes to prevent Chinese of dubious loyalty from becoming Indonesian nationals. The establishment of procedural machinery capable of functioning despite the contradictory demands made on it has taxed both Chinese and Indonesian patience and ingenuity.

Of an estimated 2.5 million ethnic Chinese in Indonesia, about one-third possess dual nationality. Under the terms of the Dual Nationality Treaty, if they are now 18 years or older, they are obliged to opt for Chinese or Indonesian nationality. Those failing to do so will be considered to have taken the nationality of their parents, in most cases Chinese. The remaining 1.5 million ethnic Chinese, whom Indonesia regards as aliens, are not affected by the Treaty. They comprise about 1.1 million born abroad, and about 400,000 local-born who previously rejected Indonesian nationality in an earlier option period (1949-51).³

A wide difference of opinion on how the Dual Nationality Treaty should be implemented had separated China and Indonesia before the Treaty became effective, under Chinese pressure, on January 20, 1960. Earlier, on June 1, 1959, Indonesia had enacted regulations providing for implementation of the Treaty and laying down a unilateral Indonesian interpretation of the eligibility procedures

required in cases of option for Indonesian nationality.⁴ China, considering itself a principal to any decisions on this matter, had protested vigorously, and eventually won agreement to the establishment of a Sino-Indonesian Joint Committee to implement the Treaty.⁵

Once the Joint Committee had begun its deliberations, however, differences of opinion on the scope of the Committee's work, on definitions of dual nationality, and on procedures for option prevented it from reaching an agreement until October 19, 1960. The formal signature of the Methods of Implementing the Dual Nationality Treaty on December 15, 1960, essentially ended the Committee's major tasks. All indications were that President Soekarno himself, over the strong objections of his subordinates, had broken the deadlock by modifying Indonesia's position, thus clearing the way for a settlement.

The Joint Committee's formula allows substantially more Chinese to opt for Indonesian nationality than could have done so under the previous Indonesian formula. The new agreement contains two principal clauses. One provides that children (born before December 27, 1949, and not yet of age by December 27, 1951) of parents who rejected Indonesian nationality in the former option period (1949-51) are not bound by their parents' decision, and within two years after attaining 18 years of age may choose Indonesian nationality.⁶ The number of children affected by this clause may be estimated at about 200,000. A second group of dual nationals are to be regarded as having "implicitly" chosen Indonesian nationality on presenting proof of having voted in either the general election of 1955 or the regional elections of 1957. A total of about 400,000 Chinese participated in these two elections, but since this number counts twice those--the great majority--who voted both in 1955 and in 1957, probably no more than 200,000 are affected. By virtue of these two concessions alone, approximately 400,000 more Chinese than those covered by the regular provisions of the Treaty became eligible for Indonesian nationality or improved their prospects for gaining it.

The settlement governing methods of implementing the Treaty has not been wholly satisfactory to either country. The Indonesian bureaucracy has had to accept a formula under which many dual nationals formerly regarded as ineligible may adopt Indonesian nationality. Since the difficulties with Peking in 1959 and 1960 in connection with a government-imposed ban on foreign retailers in rural areas, and later during the repatriation of Overseas Chinese who did not wish to stay in Indonesia, the bureaucracy has been reluctant to negotiate with China, fearing that to do so would compromise Indonesia's sovereignty in internal matters affecting aliens.

The bureaucracy is opposed to easing the requirements for option, in view of the many dual nationals who have previously rejected Indonesian citizenship. Because naturalization procedures are available to Chinese aliens, many officials argue that failure

to acquire Indonesian nationality under the Treaty need not constitute a permanent handicap to anyone who really wants it. They are made uneasy by the Chinese Embassy's failure to distinguish between its relations with alien Chinese on the one hand and with peranakan (local-born) on the other, and by the fact that many peranakan have themselves made little effort to sever such connections. Whether Peking will be satisfied with the implementation of the Treaty will depend largely on whether the Indonesian bureaucracy observes the spirit of the concessions forced upon it by President Soekarno or construes its responsibilities so as to negate the concessions.

China, like Indonesia, failed to obtain all of its objectives. It wished the Joint Committee to serve as a semi-permanent negotiating body through which to work out an "over-all settlement" of Overseas Chinese questions. Moreover, China had originally hoped that even more Overseas Chinese, including those who had formerly rejected it in 1949-51, might opt for Indonesian nationality than have in fact done so. Nevertheless, although unable to achieve either of these objectives, China pressed for liberal option procedures with sufficient persistence and vigor to win certain concessions eventually. The principal factor in China's favor was President Soekarno's known desire to maintain cordial relations with China, and his cognizance that a viable solution would necessarily involve concessions on the part of Indonesia.

Aware that the President's own moderate position is not shared by his administration as a whole, China will doubtless observe carefully how he uses his wide discretionary power of intervention in the event that obstructions arise to vitiate the concessions.

DUAL NATIONALS who wish to opt for Indonesian citizenship must appear at a local court (pengadilan), provide acceptable proof of having been born in Indonesia, and (either in writing or orally) choose Indonesian and simultaneously reject Chinese nationality before the court. Those who voted in the elections of 1955 or 1957, and thus claim "implicitly" to be Indonesian nationals, must present a certificate from their local registrar, attesting to their having voted. Dual nationals who wish to opt for Chinese citizenship must appear either at the Chinese Embassy, at one of the four Chinese consulates, or at one of the Chinese Embassy's Chan-shih Ch'u (temporary offices) established by joint agreement to facilitate matters. They must then, orally or in writing, choose Chinese and simultaneously reject Indonesian nationality.⁷

To opt successfully for Indonesian citizenship, it is necessary to provide satisfactory proof of Indonesian birth. China and local Chinese organizations had hoped that this requirement would be construed liberally, but Indonesia insisted on the submission in each case of a certificate of birth (surat lahir) issued by a civil registry. This demand posed no problem generally for city-born dual nationals less than 40 years of age or for members of

families that have maintained adequate records; but in thousands of other cases, perhaps the majority, immediate difficulties arose.

Under Dutch law, civil registries were not established in even the major cities of Java until 1919 and in the outer islands not until 1926. Thus, Chinese born outside the major cities, or older than 41 (for Java) or 34 (for the outer islands) usually cannot satisfy the requirement. In many other cases, records either may not have been kept or have been lost or destroyed in the war with the Dutch.

To overcome this difficulty, which threatened to prevent thousands of dual nationals from choosing Indonesian nationality, the Chinese Embassy and local peranakan organizations persuaded Indonesia to accept a substitute document in lieu of the official birth certificate. It is not known what, if any, role President Soekarno played in bringing this concession about, but, in view of the Indonesian bureaucracy's general objections to acceding to Chinese demands, it probably could not have been won without his support. Under the new ruling, an applicant may present a certificate of clarification of birth (surat keterangan lahir), a document signed by two witnesses attesting to his Indonesian birth, in place of the formal birth certificate.

If this substitution is allowed freely, it should smooth the path of dual nationals who wish to opt for Indonesian nationality. On the other hand, local courts and the Justice Department may challenge the substitute statement, or there may be considerable variation in how liberally the substitution is accepted. This is a fact of life with which dual nationals will have to contend, because many Indonesian administrators are concerned lest the substitute statements be falsified. Fear of falsification and the knowledge that it cannot be easily detected produce a reluctance to permit substitution. It remains to be seen, therefore, if the new ruling will, in fact, markedly encourage Indonesian options.

While the Chinese Embassy and local peranakan organizations have been endeavoring to open the door more widely to Overseas Chinese wishing to adopt Indonesian nationality, the dual nationals themselves appear to be in no hurry to seize the advantage. Apparently fewer than one-third of all dual nationals have indicated a choice.⁸ This development is peculiar because it had been assumed that the great majority would eagerly opt for Indonesian citizenship in order to avoid discriminatory actions similar to those that befell alien Chinese in 1959-60. Their laggard behavior has been so pronounced that, even if, as is expected, at the last minute a great majority do opt for Indonesian nationality, their action will be interpreted as opportunism. Obviously, the delay is due in part to procrastination, but in some measure it reflects as well an inability to make what has become a very difficult decision.

THE ASSUMPTION THAT recent economic moves against aliens on the part of the government would induce many to choose Indonesian nationality appears questionable. The shock effect on dual nationals produced by the ban on retail traders and by the repatriation of Chinese aliens has largely dissipated. Many Overseas Chinese in Indonesia with whom the writer talked during the past year believed that the worst was over and looked forward to stabilization of their economic status. Because of their belief that the government, after the sobering experiences produced by the sizable Chinese repatriation in 1960, now realizes that it needs the Overseas Chinese, both aliens and local born, they conclude that it should be possible to remain in Indonesia on acceptable terms without relinquishing Chinese nationality.

Many Chinese, both aliens and dual nationals, have found reassurance also in President Soekarno's views concerning alien property within the framework of an over-all "guided economy," in which he reserves a place for progressive capital, foreign and domestic, while calling on all to refrain from doing anything harmful to a "good atmosphere for cooperation."⁹ The Overseas Chinese regard Soekarno, in relation to other political and economic factors in Indonesia, as a reasonable figure--as a buffer between them and political and economic forces that are unfriendly. Soekarno is known to wish to prevent another rupture with Peking on the Overseas Chinese question, and he will probably be able to restrain his more zealous subordinates from making alien status intolerable. As long as Soekarno remains the prime political arbiter, his conciliatory position toward China and his reasonable posture vis-à-vis Chinese aliens serve to lessen the urgency that dual nationals might otherwise feel about opting for Indonesian nationality.

Many other Chinese are less optimistic about their future. And yet, the "pessimists," too, are indecisive regarding a choice of nationality. The more pessimistically inclined, especially those who have had unpleasant experiences with Indonesian officialdom, argue that at present there is no real advantage in possessing Indonesian nationality. They cite the occurrence of discriminatory practices, petty insults, extortion, and other illegal acts that are endured without effective legal redress not only by aliens but by local-born Chinese as well. Opting for Indonesian nationality is not regarded as likely to halt these practices, but rather as an act formalizing one's acceptance of their perpetuation. If one is to be treated as a Chinese, rather than as the genuine Indonesian national that one is, the possession of such nationality loses much of its meaning and value. The Chinese Embassy, it is often remarked, can obtain adequate guarantees for those who remain Chinese nationals, while Chinese who are Indonesian nationals find their claims to equality falling on deaf ears. For, despite what appears to have been a general retreat by China in the face of Indonesian insistence on regulating alien Chinese activities, the prestige of the Chinese Embassy among the Overseas Chinese remains high. China, moreover, promises to "protect the legal rights and

interests" of all who remain Chinese nationals, and has expressed satisfaction with what it apparently construes as Indonesia's willingness to guarantee Chinese aliens a reasonably secure position in Indonesia.¹⁰

Thus, for different reasons, many dual nationals find difficulty in deciding how to opt or whether to opt at all. It is still possible that the majority will decide in these last few weeks to choose Indonesian nationality, but such a move will have to assume very large proportions to change significantly what has thus far been a very small turn-out. If the dual nationals do not choose Indonesian nationality, the reason will not lie with the Indonesian bureaucracy's legalistic attitude alone, for they themselves have made little effort thus far.

Assessing the implementation period as a whole in the light of Chinese and Indonesian aims, one may conclude that it has produced a compromise solution embracing the major objectives of both countries. The Treaty does not represent an unqualified victory for either, but both of them can probably learn to live with it.

NOTES

1. The Treaty was signed at Bandung, on April 22, 1955, but the instruments of ratification were not exchanged until January 20, 1960.
2. These figures were obtained from the Indonesian Justice Department in September 1961. BAPERKI, the local-born-Chinese organization, estimates for the same period are 40,000 successful options--still very low. Unfortunately no figures on options for Chinese nationality have yet been released by the Chinese Embassy in Jakarta.
3. The Indonesian Justice Department estimates that more than 390,000 Chinese born in Indonesia rejected Indonesian nationality during 1949-51. The final count, in fact, is not yet completed.
4. Peraturan Pemerintah No. 20, Tahun 1959, Departemen Penerangan R.I. Penerbitan Khusus 67.
5. The Sino-Indonesian Joint Committee was installed on January 25, 1960. Twenty-five meetings were held between January 27 and October 19, 1961, before agreement was reached.
6. Tjara Pelaksanaan Perdijandjian Menganal Soal Dwikewarganegaraan Antara Pemerintah Republik Indonesia dan Pemerintah Republik Rakjat Tiongkok (Methods of Implementing the Treaty on the Question of Dual Nationality Between the Government of the Republic of Indonesia and the Government of the Peoples' Republic of China), Jakarta, Decem-

ber 15, 1960.

7. Ibid.

8. Estimates obtained from the Indonesian Justice Department in September 1961 indicate that the number of unsuccessful options for Indonesian nationality (returned to the applicants for correction of errors or because of inadequate proof of Indonesian birth) have been some six times more numerous than successful options. If the deficiencies are corrected, favorable action will be taken. Nevertheless, it appears that only about 200,000 dual nationals have made an effort to choose Indonesia.

9. "Like An Angel That Strikes from the Skies: The March of Our Revolution," Address by President Soekarno on the Occasion of the Fifteenth Anniversary of the Founding of the Republic, August 17, 1960, Department of Information, pp. 29-30.

10. China's Foreign Minister, Marshal Chen Yi, took the occasion of his March 28-April 4, 1961, visit in Indonesia to thank Indonesian authorities for their "concern for the Overseas Chinese" and for protecting "their proper interests." News Bulletin, Cultural and Information Office of the Embassy of the Peoples' Republic of China in Indonesia, special issue, April 20, 1961, p. 13.

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U THANT OF BURMA: A BIOGRAPHICAL NOTE

Frank N. Trager

AT THE AGE OF 52, U (meaning, in Burmese, Uncle or Mr.) Thant, a former schoolteacher in the National (read nationalist) High School in the town of his birth, Pantanaw, Maubin district, and a former high civil servant and diplomat, has been unanimously elected to the paramount civil-service position in the world: Secretary-General (Acting) of the United Nations.

Few of his Burmese friends and colleagues could have expected one of their number to achieve so exalted a position; and yet, if a genuine neutralist, an objective, rational human being, was to be selected for that post, Burma logically, if not politically, might have been looked to for a likely candidate. Moreover, among qualified Burmese--and there are several--U Thant's name would have appeared on any list prepared in Burma. That he finally headed the list at the United Nations on November 3, 1961, represented a triumph of logic in an otherwise less than rational world.

The son of a small landowner in the rice-growing Delta, U Thant attended elementary and secondary school, the latter having been founded by the nationalist movement in Burma in the early 1920's. Upon graduation he enrolled in the University of Rangoon, which he had to leave, just short of an honors degree, in order to support his widowed mother and four younger brothers. Becoming a schoolteacher in Pantanaw at the age of 20, he won the All-Burma translation competition prize offered by the Burma Education Extension Association, and gained first place in the Burma Teachership Examination. At Pantanaw National High School, where he then served as headmaster, he met the new Superintendent of Schools, U Nu, who had recently come down from Rangoon. They struck up a friendship--this was in 1929-30--which has grown more intimate since.

Subsequently U Nu returned to Rangoon and became active in the student-dominated nationalist movement. During the war he called on U Thant to serve the cause in various ways. In time U Thant became the publicity director of the Anti-Fascist Peoples Freedom League, organized in 1944. Following independence Prime Minister Nu appointed him to a succession of high civil posts, and in January 1954 created the position of Secretary to the Prime Minister to which U Thant was appointed.

Thereafter U Thant traveled everywhere with the Prime Minister, undertook temporary diplomatic assignments to Thailand and Indonesia, and served on Burmese delegations to the U.N. General Assembly.

In 1957 he was named Burma's Permanent Representative to the United Nations with the rank of ambassador.

U Thant is a quiet, thoughtful Buddhist who understands and has truly represented the neutralism of his country. Unlike India, Burma did not begin independent life in 1948 as a neutralist power. She concluded a defense agreement with the British, and sought "strong allies"--the phrase is U Nu's--in 1948 and 1949, when in need of assistance in quelling a rebellion. But she failed her search, and in consequence her leaders decided that Burma would have to rely on her own resources if she was to survive. They thereupon adopted a version of neutralism that includes support for all anti-colonial struggles, condemnation of imperialism regardless of origin, encouragement of democracy as we understand the term, and advocacy of peaceful solutions for the crises of our time. This course has guided Burma's policy at the U.N., and U Thant's ability in furthering it won the admiration of his colleagues in the Afro-Asian group, whose important working committee on Algerian freedom he chaired for several sessions.

During his tour of duty as ambassador to the U.N. he had occasion to speak to a number of American audiences. The following excerpt from a speech last summer before a conference sponsored by the National Education Association is worth noting:

We in Burma look upon free institutions as not only the most desirable of political systems but also as those most congenial to the flowering of human genius. We are deeply attached to the democratic way of life and fundamental freedoms such as freedom of speech and expression, freedom of work, freedom of association and freedom of religion. But this dedication and this attachment to the democratic way of life does not blind us to the fact that there are millions of others who believe otherwise. As we believe that the State exists to secure the conditions of a free and full life for the individual, others believe that the individual exists for the service of the State. We must also remember that in many countries democracy is not functioning well. In too many cases it is merely a mask, behind which organized class interests wield real power.

The truth is that democracy is a very difficult system to work, because it involves the harmonizing of many wills, whereas dictatorship is an easy system to work, since it involves the forcible subjection of all wills to one. Whatever its defects, the democratic system has two great compensating virtues. It substitutes reason and persuasion for force in the management of human affairs; and it makes possible a change of government without a violent upheaval.

U Thant has often spoken to his intimates of his personal plans after his retirement from the Burma Civil Service, for which he will become eligible in 1964 at the age of 55. He hopes to pur-

sue his lifelong "hobby" of writing, which he began by publishing in both Burmese and English in the early 1930's. He and two brothers--one a former M.P. from Pantanaw, and the other also a civil servant--collaborated with the late J. S. Furnivall in promoting, writing and translating for the institutions which the latter had established: the Burma Educational Extension Association, the Burma Book Club, and the bilingual magazine, World of Books. His most recent work is a two-volume history (the third volume of which is yet to come) of the Anti-Fascist Peoples Freedom League (in Burmese), written while in New York.

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PUBLIC POLICY AND ECONOMIC DEVELOPMENT IN THE PHILIPPINES

Charles Wolf, Jr.

THERE ARE PROBABLY few who would argue that the Philippines has been exactly the "showcase for democracy" in Asia that had been hoped for when it became independent on July 4, 1956. But if its performance has fallen short of the more optimistic hopes, the record has nevertheless been far better than the pessimistic warnings of the past decade. Indeed, if the Philippine record of the past ten to fifteen years is compared with that of other newly independent countries in Asia, it turns out to be a distinctly creditable record: not without blemishes, but considerably more impressive than is generally presumed.

Since 1949, four presidential elections--held with increasing respect for the rules--have established a fairly strong precedent for the tolerance of opposition and for the transfer of government power through relatively peaceful, constitutional means. The Philippine press is vigorous, competitive, and critical (at times, perhaps, hypercritical). Communist guerrilla dissidence has been effectively curtailed. Economic growth has been rapid and sustained. Between the start of 1952 (when prewar levels of output were restored) and the end of 1958 (the last year for which data are presented in the book under review), real national income increased by more than 45 per cent: an annual compound rate for the seven years of nearly six per cent, and an annual per capita rate of increase of more than three per cent. (Since 1958, this growth has continued, though not quite so rapidly.) Indigenous Philippine entrepreneurship and industrialization have grown rapidly: between 1952 and 1958 manufacturing value-added more than doubled.

The economic aspects of the Philippine record from independence to 1958 are meticulously described and discussed in Frank Golay's new book, The Philippines: Public Policy and National Economic Development.¹ Golay, who is a professor of economics at Cornell, has specialized in Philippine economic affairs for a number of years as a member of the Cornell Southeast Asia Program. His book clearly reflects this experience. It is a thorough and complete case study which will stand as a basic and useful reference work in its field for some time to come. Its twenty-seven chapters are a rich source of data on nearly all aspects of the Philippine economy: industry, agriculture, foreign trade and international payments, prices, fiscal and monetary policy, economic growth, and national planning. Golay's approach to these subjects is heavy on empirical data and rather lighter on hypothesis-testing and general theoretical issues, but the presentation is careful and

reliable throughout.

Golay is particularly concerned with illuminating the role of public policy in the Philippine economy, and this he does systematically and authoritatively. In general, he believes that public policy in the Philippines has been characterized by timidity, conservatism, and a self-conscious "laissez-faire" orientation. A more active and expansionist public investment program would, he thinks, have accelerated growth. A more aggressive and progressive tax policy could have financed the increased public investment, and also reduced the egregious disparities in distribution of income and wealth. A more flexible exchange rate policy could have stimulated exports and relieved the serious foreign-exchange obstacle to more rapid growth.

Golay seems to have a reasonable argument on all of these issues.² But one wonders to what extent such non-interventionist public policies have been directly responsible for the sustained economic growth that has occurred in the Philippines. Philippine economic growth has apparently not been characterized by large aggregate investment. (The incremental capital coefficient has remained less than unity--lower than in any other country I am familiar with--even since 1952, when rehabilitation had been largely completed.) Instead, Philippine growth has been characterized by a rapid change in the "quantity and quality of economic activity," and by a rapid growth in the number and effectiveness of Filipino entrepreneurs spurred by the incentive of high profits and encouraged by stable prices. One can perhaps properly criticize Filipino public policy and public leadership for a "trickle-down" attitude toward improved mass consumption standards, and for allowing the distribution of wealth and income to remain inequitable. And yet the social and economic change--especially, the burgeoning of Filipino entrepreneurship--which has sparked the country's postwar economic development, might well have been less intense and effective if public policy had followed the more familiar (in Asia, at least) lines of government planning and intervention. Certainly, among the countries of Asia, the Philippine experience is unusual. As Golay puts it, "there are no socialists in the Philippines, and capitalism is not a bad word."

Golay is not unaware of these problems. In fact, he is quite willing to acknowledge that "the consistency of economic policy"--"consistent" in the sense of a generally laissez-faire orientation--has been a principal explanatory factor behind the country's rapid postwar growth. And he even admits that "there is a strong case for reliance on private initiative rather than on directly productive government enterprise in the Philippines." But he remains ambivalent on the basic issue, observing that "levels of public investment have been low"; that, despite sundry economic planning exercises, the government has managed "to procrastinate and avoid economic responsibilities"; and that even "the relatively modest levels of planned public investment have never been attained."

It seems very likely that the Philippine tradition of "minimum government" has so far militated against its finding an optimum balance between public and private economic activity. But one wonders whether its extensive reliance on the market mechanism and on the efforts and initiative of private entrepreneurship do not provide some Schumpeterian lessons which other Asian countries might do well to observe. Golay may be undervaluing his own study when he says, "there is little in the Philippine experience to serve as a guide to developmental policy in other countries." In the midst of the current concern for growth models, for improved techniques of development planning, and for criteria to guide the allocation of public investment, there is often a tendency to overlook the useful role which the market mechanism and private enterprise can efficiently play.

Besides the important role which these factors have played in postwar Philippine growth, Golay calls attention to another important contributing factor: United States economic and technical aid. The bulk of this aid (about \$1.2 billion) was extended for rehabilitation of war damage during the period from 1945 to 1950. Since that time, the U.S. development aid program has been considerably smaller: about \$170 million from 1951 to 1958, plus smaller credits from the Export-Import Bank and, more recently, the Development Loan Fund. But, because it has been "imaginative, flexible, and efficiently administered, . . . [the program] has contributed materially to Philippine agricultural and industrial development." In addition to providing external resources for expanding the modest levels of domestic capital formation, U.S. aid has contributed significantly to social reform and "institution-building" (e.g., in such fields as agricultural credit, agricultural marketing cooperatives, and the distribution of public lands). And through the investment guarantee program, U.S. aid has also helped to stimulate a flow of American industrial investment to the Philippines. At a time when the U.S. aid program is being reorganized and, hopefully, revitalized, it is gratifying to see this evidence and recognition of the program's effectiveness during the past decade.

There remain many obstacles to sustained Philippine economic growth, and, whatever the term "takeoff-into-self-sustaining growth" may mean, it seems fairly evident that the Philippines has not yet "taken-off." One such obstacle is the foreign-exchange constraint. Golay believes it is the principal obstacle, and argues for devaluation as the remedy. He is very probably correct on the remedy, although one may question the emphasis he places here. After all, if "the contribution of currency overvaluation to the pursuit of industrialization is only marginal," devaluation may also have only marginal benefits--especially if the elasticity of demand for exports is lower than Golay thinks, and if the extent of undervaluation of exports is less than he thinks the admittedly inconclusive evidence indicates.

A second obstacle is the high rate of population growth, cur-

rently about three per cent--along with Ceylon and Malaya among the highest in Asia. Although population pressure on resources is not yet serious, the high population growth has been an important factor limiting growth in per capita income. In a country whose population is overwhelmingly Catholic, the limitation is not likely to diminish.

Still another obstacle to continued growth is the low marginal savings propensity. Net savings have been about five or six per cent of national income, and this low rate apparently has not risen. Thus far, the effect of such low average and marginal rates has been offset by external resource transfers, principally from the United States, and by highly efficient use of capital through the efforts of economizing entrepreneurs. If growth is to proceed in the future, it would seem essential that marginal savings rates be substantially increased.

Finally, the excessive disparities in Philippine income and wealth remain an obstacle to growth (paradoxically, because of the relatively low savings propensities of some of the high-income and wealth groups), as well as a source of social discontent.

If, then, the future of Philippine development is still risky, its record so far is encouraging and its prospects promising. Golay's book is the most complete, reliable, and balanced account of that record that is available. It is a welcome addition to the relatively small number of serious case studies of economic development in Southeast Asia.

NOTES

1. Frank H. Golay, The Philippines: Public Policy and National Economic Development, Cornell University Press, 1961.
2. It is perhaps worth pointing out, however, that on the exchange rate issue Golay's description is, in a sense, more "free-market" oriented than either (a) the Philippine government's position thus far, or (b) his own prescriptions on the issues of government investment and taxation.

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